

Message Text

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17

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01

OIC-04 AGR-20 SS-20 NSC-07 L-03 H-03 OPIC-12 DRC-01

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R 281820Z JUN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7125

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: NA

TAGS: ETRD, GATT, EEC

SUBJECT: EC NEGOTIATING MANDATE FOR MTN

REF: A) EC BRUSSELS 3924

B) GENEVA 4096

1. SUMMARY: THE EC COMMISSION HAS BEEN
ENGAGED IN UPDATING THE "OVERALL APPROACH" OF
JUNE 1973. THE MISSION HAS ATTEMPTED TO PERSUADE
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THE COMMISSION THAT IT WOULD BE UNHELPFUL AND RISKY FOR THE

EC TO ESTABLISH FIXED POSITIONS FOR THE TRADE NEGOTIATIONS BEFORE THE U.S. OBTAINS ITS NEGOTIATING MANDATE. THE COMMISSION HAS ARGUED THAT FOR VARIOUS REASONS IT NEEDS TO PROCEED BUT THAT THE CURRENT UPDATING WILL NOT RESULT IN REGID POSITIONS BEING ADOPTED. END SUMMARY.

2. OVER THE PAST TWO MONTHS MISSION OFFICERS HAVE, AT APPROPRIATE TIMES, ATTEMPTED TO PERSUADE COMMISSION OFFICIALS THAT IT WOULD BE HELPFUL TO NEITHER THE EC, TE US, NOR THE PROSPECTS FOR A SUCCESSFUL ROUND OF MULTILATERAL TRADE NEGOTIATIONS IF THE COMMISSION PROPOSED OR THE COMMUNITY ADOPTED NEGOTIATING POSITIONS IN ADVANCE OF ENACTMENT OF THE TRADE REFORM ACT. THE DANGER WOULD BE THAT THE BASES FOR NEGOTIATION OF THE TWO PRINCIPAL PARTICIPANTS IN THE MTNS COULD TURN OUT TO BE SO IRRECONCILABLE AS TO PREJUDICE THE THE CHANGES OF ARRIVING AT MUTUALLY SATISFACTORY CONCLUSIONS. EVEN COMMISSION PROPOSALS WITHOUT COUNCIL ACTION COULD REDUCE FUTURE FLEXIBILITY.

3. THE RESPONSE OF COMMISSION STAFF MEMBERS, INCLUDING ABBOTT, HAS BEEN SIMILAR TO THAT REPORTED IN REF B. THEY HAVE DISPICTED THE PAPER UNDER PREPARATION AS ONE WHICH PUSHES COMMUNITY THINKING FORWARD IN CERTAIN RESPECTS, WITHOUT REACHING A DEGREE OF SPECIFICITY THAT WOULD UNDULY RESTRICT THE FUTURE FLEXIBILITY OF COMMISSION NEGOTIATORS.

4. UP TO NOW, THE MOST AUTHORITATIVE STATEMENT GIVEN US ON COMMISSION PREPARATIONS HAS BEEN THAT OF HIJZEN, DEPUTY DIRECTOR GENERAL FOR EXTERNAL RELATIONS. DURING THE JUNE 6-7 US-EC CONSU- LTATIONS HIJZEN ALLUDED TO THE WORK ON THE NEW PAPER (REF A, PARA 4). HE NOTED THAT IT WOULD GO BEYOND THE "OVERALL APPROACH" ONLY IN CERTAIN AREAS. (SINCE THEN, PIZZUTTI, THE DEPUTY DIRECTOR GENERAL FOR AGRICULTURE, HAS TOLD US THAT IT HAS BEEN DIFFICULT TO MAKE FURTHER PROGRESS REGARDING LIMITED OFFICIAL USE

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AGRICULTURE.)

5. WHILE HIJZEN EMPHASIZED THE DESIRE OF THE COM- MUNITY NOT TO GET OUT OF STEP WITH THE U.S., WE HAVE CONTINUED TO RAISE WARNING SIGNALS ABOUT THE RISKS OF ANYTHING GOING BEYOND THE OVERALL APPROACH. MOST RECENTLY, THE DCM ON JUNE 26 MADE THIS POINT TO HANNAY, SOAMES' CHEF DE CABINET. HANNAY RESPONDED

WITH THE BY-NOW STANDARD ASSURANCES THAT THE COMMISSION REDOGNIZED THIS DANGER, AND THAT ITS NEW PAPER WOULD NOT RESULT IN THE COMMUNITY'S HAVING A RIGID NEGOTIATING POSITION. BUT HE WENT ON TO ADD THAT THE COMMUNITY COULD NOT WAIT FOR PASSAGE OF THE TRADE REFORM ACT BEFORE TAKING ANY FURTHER STEPS TO PREPARE ITSELF FOR THE NEGOTIATIONS. THIS WOULD LEAVE IT, NOT IN STEP WITH, BUT BEHIND THE U.S. FOR THIS AND OTHER REASONS, THE COMMISSION BELIEVED IT SHOULD TRY TO AGREE ON A NEW PAPER AND SUBMIT IT TO THE EC COUNCIL PRIOR TO THE AUGUST RECESS.

6. A FIRM JUDGMENT AS TO THE DANGERS (OR BENEFITS) OF THE COMMISSION'S NEW PAPER CANNOT, OF COURSE, BE MADE IN THE ABSENCE OF KNOWLEDGE OF ITS CONTENTS. WE ARE NOT ENTIRELY CERTAIN THAT THE PAPER IS YET IN FINISHED FORM. A PERMREP SOURCE WHO ATTENDED AN ARTICLE 113 COMMITTEE MEETING ON JUNE 20, AT WHICH HIJZEN DISCUSSED THE COMMISSION'S WORK ON THIS SUBJECT, SAID THAT HIJZEN DID NOT PRESENT A PAPER TO THE COMMITTEE; IN FACT, THIS SOURCE WONDERED WHETHER A PAPER THEN EXISTED. HIS UNDERSTANDING WEA THAT BY JULY 15, WHEN THE ARTICLE 113 COMMITTEE WOULD MEET AGAIN ON THIS SUBJECT, THE COMMISSION WOULD HAVE A DOCUMENT OR DOCUMENTS FOR THE COMMITTEE TO LOOK AT. THESE WOULD NOT, HOWEVER, BE NEGOTIATING MANDATES IN THE USUAL SENSE, ONLY "LIMITED" ELABORATIONS OF CHAPTERS IN THE "OVERALL APPROACH".

7. THE MISSION INTENDS TO CONTINUE TO PURSUE THIS MATTER, AND TO ACT ON THE ASSUMPTION THAT IT IS LIMITED OFFICIAL USE

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IMPORTANT TO EXERT PRESSURE AGAINST ANY PREMATURE ADOPTION OF FIRM NEGOTIATING POSITIONS BY THE COMMUNITY. WE HAVE ALSO REMINDED HANNAY OF THE FREQUENT US-COMMISSION STATEMENTS ABOUT KEEPING IN CLOSE TOUCH TO SYNCHRONIZE PREPARATIONS FOR MTN. IN THIS CONTEXT WE URGED THAT THE COMMISSION ADVISED US OF ITS THINKING AND PROPOSALS AS SOON AS POSSIBLE--IF NECESSARY ON AN INFORMAL AND CONFIDENTIAL BASIS. GREENWALD

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